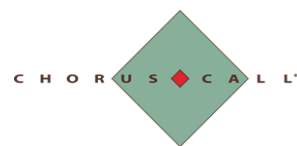




**“Allcargo Terminals Limited  
Q4 & FY '25 Earnings Conference Call”  
May 15, 2025**



**MANAGEMENT: MR. SURESH KUMAR R. – MANAGING DIRECTOR –  
ALLCARGO TERMINALS LIMITED  
MR. PRITAM VARTAK – CHIEF FINANCIAL OFFICER –  
ALLCARGO TERMINALS LIMITED  
MR. SANJAY PUNJABI – INVESTOR RELATIONS –  
ALLCARGO TERMINALS LIMITED**

**MODERATOR: MR. SUYASH SAMANT – STELLAR IR ADVISORS**

**Moderator:** Ladies and gentlemen, good day, and welcome to Allcargo Terminals Limited Q4 and FY '25 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Suyash Samant from Stellar IR Advisors. Please go ahead.

**Suyash Samant:** Thank you. Good morning, everyone, and thank you for joining us today. We have with us today the senior management team of Allcargo Terminals Limited. Mr. Suresh Kumar R. Managing Director; Mr. Pritam Vartak, Chief Financial Officer; and Mr. Sanjay Panjabi, Investor Relations, who will represent Allcargo Terminals Limited on the call.

The management will be sharing the key operating and financial highlights for the quarter and full year ended March 31, 2025, followed by a question-and-answer session. Please note, this call may contain some of the forward-looking statements, which are completely based upon the company's beliefs, opinions, and expectations as of today.

These statements are not a guarantee of the company's future performance and involve unforeseen risk and uncertainties. The company also undertakes no obligation to update any forward-looking statement to reflect developments that occur after a statement is made.

I now hand over the conference to Mr. Suresh Kumar. Thank you, and over to you, sir.

**Suresh Kumar R.:** Thank you, Suyash. Good morning, everyone. This is Suresh, here. A warm welcome to all of you on the Q4 FY '25 earnings conference to discuss Allcargo Terminal Limited's quarterly and annual performance. I have Pritam, the Chief Financial Officer of Allcargo Terminals; and Sanjay from our Investor Relations team, along with me.

We have uploaded the results, the press release and presentation on the stock exchanges and the company's website. I hope you had an opportunity to go through the same. Let me begin with a brief overview of the economic and industry landscape. I'll follow that with an update on our business performance. After that, I'll hand over to Pritam to walk you through the financial numbers.

Looking at the global economy, the IMF projects a slowdown in growth to 2.8% in 2025 and 3% in 2026. India's growth outlook, however, remains relatively robust at 6.2% for 2025, primarily driven by private consumption. The outlook for global trade has significantly deteriorated due to the tariff issues and trade policy uncertainties. The WTO now anticipates a marginal decline of 0.2% in the volume of world merchandise trade in 2025, before it recovering to 2.5% in 2026.

The new estimate for 2025 is nearly 3 percentage points lower than previous expectations, marking a considerable shift from the beginning of the year when continued trade expansion was anticipated. However, we anticipate some easing of this trend following recent developments between U.K., China and the U.S., which you would all be familiar with.

In India, merchandise exports in FY '25 remained flat at \$437 billion. Imports increased by 6.2% year-on-year. Overall container volumes in India witnessed a healthy growth of close to 10%, increasing from 12.28 million TEUs to 13.5 million TEUs in FY '25.

Coming closer to Allcargo Terminals, FY '25 marked our second year as an independently listed entity. We listed in August 2023. During the year 2024, we successfully renewed our CWC Mundra contract with additional capacity. We have also expanded our presence in JNPT by adding a new 25-acre co-located facility, which will give additional capacity of 1,70,000 TEUs. These expansions have increased our capacity by close to 30%. Further, we have made strategic investments in HORCL, Haryana Orbital Rail Corporation, and increased our stake in our subsidiary, Speedy Multimodes from 85% to 100%.

In terms of operational performance in FY '25, we have grown in volumes, and we have grown faster in revenues and even faster in EBITDA with a 9% year-on-year growth, driven by improved gross margins. We further strengthened our leadership team with key appointments in business operations, regional operations and in HR.

Our digital investments continue to enhance customer satisfaction as reflected in our industry-leading Net Promoter or NPS score of 65%. We remain firmly on track to achieve our aspiration of handling 1 million laden TEUs and doubling profitability by FY '27, '28.

With this as a context and key highlights, I would now like to hand over the call to Pritam to provide you a detailed overview of our financial performance of Q4 and the full year FY '25. Thank you.

**Pritam Vartak:**

Good morning, everyone, and thank you, Suresh. Welcome to our Q4 FY '25 earnings call. I will be taking you through the financial highlights, starting with the quarterly results. In fourth quarter of FY '25, Allcargo Terminals handled 1,53,575 TEUs, a slight increase compared to 1,53,439 TEUs handled in the same quarter for the previous financial year. On the financial front, we achieved revenue and EBITDA growth of 2% and 26%, respectively compared to Q4 FY '24.

Our realization per TEU stood at INR12,107, and our EBITDA per TEU was INR2,184, representing a similar growth of 2% and 26%, respectively, year-on-year. Our net loss for the quarter was INR2.44 crores compared to the net profit of INR9.2 crores in the corresponding period last year. The impact is mainly due to taxation on dividend received from our subsidiary and joint venture and also the accelerated amortization of customer relationship intangibles, which we have been doing this year.

Turning to our full year performance for FY '25. We concluded the year with volume, revenue and EBITDA growth, 1%, 3% and 9%, respectively. Our realization per TEU grew by 2% and EBITDA per TEU increased by 8%. The net profit for the year was INR30.2 crores compared to INR44.7 crores in the previous fiscal year.

As discussed above, this decrease is largely due to accelerated amortization of customer relationship intangibles for Speedy Mundra facility. Tax-related demerger asset transfers in --

tax-related cost for demerger assets transfer in Nepal and the tax on dividend received from our subsidiary and joint venture.

With that, I would now like to open the floor for the question-and-answer session. Thank you.

**Moderator:** We have a first question from the line of Ankit, an Individual Investor.

**Ankit:** My question is related to the India U.K. FTA that has been signed recently. So how do we see a company getting benefit from this agreement, sir? And will we see some improvement in the margins if we see good set of numbers later on?

**Suresh Kumar R.:** Thank you, Ankit. I'll take the second portion of your question first with regard to margins. In the last year, I'm happy to share with you that Allcargo Terminal Limited's margins, if you were to look at the EBITDA per TEU numbers have remained consistent and have shown an upward trajectory compared to the previous years.

This, we believe, are industry-leading margins, which we have delivered through a combination of yield management and also cost efficiency, scale efficiencies that we get specifically on our equipment side. We believe we can continue at this level, even though the market is extremely competitive in the key Nhava Sheva market, and even in Chennai, where we have seen a lot of tariff pressure.

On your first part of the question with regard to the trade agreement, we are awaiting the final details of the agreement, and how it will kind of impact our key customers. We are constantly in touch with them to understand how they plan to leverage what appears to be from a macro point of view, an excellent arrangement, an excellent partnership, which has been kicked off.

Like we have seen in trade agreements in the past, accelerated flow of EXIM between the countries, between the trade partners is something which the agreement seek to achieve. And we believe this will give an impetus to the EXIM trade between the two countries, while we await details. I hope I have answered your question.

**Ankit:** Yes, sir. So my second question is related to the India Bangladesh trade -- land trade issues that was going on recently. Is there any disruption in our business because of that?

**Suresh Kumar R.:** Yes. Again, good point with regard to what's happening at the India, Bangladesh trade front. It doesn't have any material impact because the Calcutta CFS, which we have, which is the closest to the said area. We don't do too much of volumes meant for Bangladesh. We don't get a lot of volumes coming in from Bangladesh to our CFS facilities. So it hasn't post any kind of an impact on our volumes as of now.

**Moderator:** We have our next question from the line of Madhur Rathi from Counter Cyclical Investments.

**Madhur Rathi:** Sir, I wanted to understand in our investor presentation, we have given our installed capacity to be 800,000 TEUs. But sir, we have done only 620,000, but we are saying that we are operating at 90%. Sir, so is this because of the Dadri JV volumes not considered, or is there anything else that I'm missing?

**Suresh Kumar R.:**

Madhur, thank you for the question, and you've answered the question also while speaking. While we are talking about capacity, we talk about the capacities in the seven facilities, which includes Dadri, in the overall number of 815,000. And that is what is the reason for the utilization difference that you would notice.

Also, the other thing when we look at the capacity that we talk about in the yard capacity, there is laden capacity volumes that we speak, there is also empty's that we handle in the facilities, which take up volumes, which take up yard space, which we normally do not talk about. When we talk about the capacity that we have, we are talking about the laden capacity. Occasionally, there is interchange in yard capacities between empty's and the laden volumes. Does that help?

**Madhur Rathi:**

Yes sir. Sir, it answered my question. Sir, so we've given a very healthy outlook for the next 2 to 3 years. Sir, I wanted to understand, although we are seeing some kind of volume -- we are seeing like 15%, 16% volume growth over the next 2 to 3 years. Sir, can we see a scenario of realization growth as well or because of too much competitive intensity at these ports, realization growth should not be considered going forward?

**Pritam Vartak:**

Sorry, can you just repeat the question? Sorry.

**Madhur Rathi:**

Sir, I wanted to understand regarding the realization growth that we can expect over the next 2 to 3 years. Sir, so per TEU, can we expect some realization growth or because of higher competitive intensity, it will stay at this level? Or can there be a scenario where it reduces due to similar competition?

**Pritam Vartak:**

So if you see last year, which is FY '24, I will just take you back, we had a reduction in revenue per TEU as compared to FY '23 in FY '24. However, in FY '25, we have been consistently able to improve our revenue per TEU from INR11,837 per TEU, we have reached to INR12,107 per TEU for full year FY '25.

So there has been conscious efforts from our time -- our sales team side to target the customers, which are able to give us better revenue. And as you pointed out, that we are very close to the capacity. We have been targeting the customers which are able to give us better yield. And that's how we have been able to maintain our revenue per TEU.

In whatever expansions, which we have planned going forward, we don't expect our revenue per TEU to go down in an established market. However, if at all, we have to get into a new market, there we might play in terms of the revenue per TEU. But our plan for next year, we have been very much in terms of maintaining our revenue per TEU going forward.

**Madhur Rathi:**

Sir, so for FY '26, sir, when will be the Mundra and the JNPT expansion come in? Will be in the first half, or this will be over the second half of the year?

**Suresh Kumar R.:**

So the JNPT expansion will happen in Q2 of '25, '26. The Mundra expansion Phase 1 will happen in Q4 of '25, '26.

**Madhur Rathi:**

So considering this, what kind of volume growth do we expect in FY '26?

**Suresh Kumar R.:** So we are targeting last year, if you better look at it, our volume growth has been flat, continuing -- we will continue to keep our capacity utilization close to current levels. To get to that level, we might -- we would require 8% to 10% growth in volumes to keep our capacity utilization at a healthy level.

And then this also depends upon -- maybe all know that there is a certain gestation period in terms of building up capacity. So once the capacity has become available in Q2 and Q4, a better time to talk about this is once they stabilize, 6 months down the line, part of it could spill over into the next financial year.

**Madhur Rathi:** Sir, so considering that -- sir, the 8% to 10% volume growth that we expect, sir, would that be possible from our current assets or even that would be kind of very optimistic?

**Suresh Kumar R.:** So I didn't understand that.

**Madhur Rathi:** Sir, so we are expecting 8% to 10% volume growth for FY '26, right?

**Suresh Kumar R.:** Yes.

**Madhur Rathi:** So this will be, I think, majorly, it will be depend -- because JNPT will come in Q4 and Mundra will come in Q2. So majority of that should go in FY '27. So I'm trying to understand will our current asset base allow us to grow by 8% to 10% for FY '26?

**Suresh Kumar R.:** So the current asset base that we have in JNPT, which is 1 of our largest contributors will allow us the kind of growth that we are talking about. Mundra, our own facility is what I mentioned with regard to being ready in Q4. In the investor presentation, we have said that we have renewed our contract with CWC Mundra with additional yard capacity. That will give us capacity right now in Q1, Q2 itself. And therefore, for the growth that we have planned in FY '26, the current assets plus JNPT plus Mundra, CWC is adequate.

**Madhur Rathi:** Got it. Sir, just a final question from my end. Sir, our EBITDA per TEU realization, sir, is there any possibility over the next 2 to 3 years to improve this based on either better -- like better utilization of resources or like increasing our realization. And sir, a sub question would be, sir, historically, whenever the competitive intensity reduces, sir, what kind of realization growth, can we expect over like every year?

**Suresh Kumar R.:** So I think Pritam touched upon this. In our existing markets, we have over the last 4 to 6 to 8 quarters constantly looked at methods of strengthening our EBITDA per TEU. And if you were to look at the 8-quarter trends that we have from a level of around 1,800, that's a level in which our EBITDA per TEU was, we are now operating at close to 2,100 levels of EBITDA per TEU.

In the existing markets, we expect EBITDA per TEU to hold at this level. But when capacity gets created, we might have to look at bringing in volumes, and therefore, there could be some leeway, which we might have to take on the EBITDA per TEU.

Having said that, for the current year, we -- our plan is to maintain EBITDA per TEU at the current level because these are existing markets in which we are adding capacity. The other

aspect in a 3-year time frame, there could be consolidation of facilities, which we will be able to look at. And if those were to happen, that will give us cost efficiencies, which will then translate into better EBITDA per TEU.

So in the short term, and if I were to define short term as the current year, ongoing year, we expect EBITDA per TEU to remain pretty much at the same levels. In a 3-year time frame, when we have larger capacity, consolidation of facilities is possible. We could look at better EBITDA per TEU realization.

**Madhur Rathi:** Sir, just one final question from me. Sir, what is this INR214 crores investment that we have on our books?

**Suresh Kumar R.:** Pritam will explain that.

**Pritam Vartak:** Sure, sir. So we have very recently made investments in Haryana Orbital Rail Corporation, which goes along with our -- it goes as a part of our strategy to expand to create ICD at Farrukhnagar. And this particular investment is strategic to that particular objective. Apart from that, in earlier year, we had investments in joint ventures, and we have invested in our subsidiary. Plus, we have also our short-term cash reserves, we have parked in the mutual fund liquid investments that would be close to around INR70 crores. These are the key investments in our book.

**Moderator:** We have our next question from the line of Purushottam from Wiseold Bird.

**Purushottam:** So I wanted to know why so many flip-flops from the asset-light model to the asset acquisition. So recently, we have also acquired the Speedy Multimode, in which we have invested around INR100 crores, I suppose. And we also had some write-off of INR2.5 crores recently because of the contract change to a tender change.

But overall, all these things considering that we have moved out of the asset-light model, when we will be able to get to our original EBITDA that we had in the last 2 years ago. So we had a very good EBITDA. But now if you see a lot of interest costs have also increased. If one tries to look at quarterly results from June 2022 to March 2025, the company's results have drastically declined a lot.

So currently, we are showing a loss -- net profit is minus INR2.41 crores. So when things will improve? And even if you look overall, the sales growth has been not much -- pretty much a flat sales growth. So I would like to know when things will improve.

**Pritam Vartak:** So I would like to first start with your question around from capex light to capex heavy. So I would say we are -- we had -- when we started, we had an opportunity to be an asset-light company, wherein our Transindia Real Estate Limited, with whom we had a long leases, and those lease still continue. However, there are certain opportunities, which we can go with the opex model.

There are certain other opportunities, which we have to invest, and we are open for that. One of that example is Farrukhnagar wherein we have seen that there is an opportunity to get into ICD

space, and to have our ICD very good rail linkage, which can help give us a strategic advantage, and that's why we have invested into Haryana Orbital Rail Corporation very recently.

In terms of other capex investment, which we have done is we have done it in Mundra. In Mundra, there are -- we are operating currently operating 2 facilities, 1 is under Speedy and the other is under Allcargo Terminals. And there is a good case of consolidating this volume onto our own land wherein we can have substantial savings in terms of rental.

So we have done this IRR calculations, and we have done these calculations when we took this investment decision. As Suresh has said in his earlier discussion, this period -- these projects do have longer gestation periods. And it will take some time to realize. We have given time lines in terms of when Mundra capacity will get activated and when Farrukhnagar is also expected to go live. And these are the times when you can actually see the returns coming out of these investments.

Another point which I just want to make is the JNPT expansion, which we have done is purely on an opex basis. Wherein extra land, which we have taken, we have taken it on a lease base. So wherever there is an opportunity available, we have made a choice whether to go for an opex model or whether to go for a capex model.

**Suresh Kumar R.:**

So I would like to supplement what Pritam has explained. This is Suresh here. So in the growth of an organization and if you were to look at us as an independent listed entity, this is -- we listed in August '23, and therefore, in August '25, we complete 2 years. Very, very early stages of an organization, which has got an aspiration to handle 1 million TEUs in the first 3 to 4 years of its growth and get to profitability levels, which are twice of what it started with.

So when you look at us at ATL, look at us as an organization, which is about 1.5 years in a market, which is in the Indian EXIM space, which offers great opportunity for growth. It's an organization which has got 7 facilities across the country, 6 of them, CFSs and 1 ICD through our joint venture. There are a lot of opportunities that we need to kind of tap into to get to our growth aspirations.

The asset-light model has transformed into an asset-right model depending upon the size and the returns on the opportunity that we see. The HORCL investment is very strategic in nature because it gives us a value proposition, which is different from the ICDs in that location by giving us direct access to the DFC.

This will give our customers a significant benefit in terms of time, and we expect that this will be a value proposition, which will enable us to quickly run to capacity in a facility, which we have planned of around 120,000 TEU capacity. In Mundra, all the existing or most of the existing facilities are leased out of the Adani SEZ. All of us know that the Adani SEZ lease terms come to an end in 2031. And therefore, it is strategically important for us as an operator in the important Mundra market, to have a fallback in case the leases don't get extended beyond 2031.

We see an opportunity there to participate in creating our own facility and giving us an opportunity to consolidate the volumes that we have in the 2 facilities, giving us scale



efficiencies. And the best way of doing that in a market in which land is a bit scarce, is to get that thing done directly.

Wherever there is an opportunity to follow the asset-light model, we are committed to following that, and that's what we are doing in JNPT, where we have got a lease of 25 acres adjacent to our existing facility. And there, we had evaluated own investment versus lease model, and it works out well given the commercials and given the location of the facility.

So in the quest for growth, in the quest for profitability, I think it makes sense for us not to be tied down into only an opex model and to use models which deliver us the outcomes and the outcomes that we have defined for ourselves is 1 million laden TEUs by FY '28, with an approximate doubling of profitability.

So to look at the past numbers and look at the EBITDA, that's a reference that you did, is a good benchmark to do. The alternative thing is to do is to look at the EBITDA trends of the industry itself. And I shared that with you right in the beginning from a INR1,700 to INR1,800 that we were doing EBITDA per TEU, 6, 7 quarters back, we have now strengthened ourselves to EBITDA per TEU of INR2,100 on a certain additional volume base that we do and laying the foundation for strong growth.

Now I think as an organization, when we look back at ourselves at the end of 5 years, we would be an organization, which would have significantly grown in volumes and will have a healthy profitability line to talk about. So that's been a summary of what we have done, and I hope we have between me and Pritam have answered all the queries that you rightly had shared with us.

**Purushottam:**

Yes, Sir, 1 more query. So when will we -- see, we have renewed a lot of contracts. So did we miss anything? Because when I was looking into the notes by Speedy Multimode, right? Initially, the contract was canceled and then we got the tender back. But is there any such instances that we are seeing where our contracts can get canceled, the long-term lease contracts as of now? We are able to renew everything.

**Suresh Kumar R.:**

Thank you, thank you for the questions. So in Mundra, the speedy contract, we have successfully renewed. The contract had come to an end in December 2024. We bid for it, and we have successfully renewed that contract. So now we have an additional 5 years, a new 5-year renewed contract in Mundra. In JNPA, our existing contract comes to an end at the end of this calendar year, which is December 2025.

And as I have explained to you, we already have identified, and we have additional capacity created, and we are in negotiations with JNPA to see whether we can extend our contract there. But for the volumes and the growth that we have planned, there is additional capacity that we have already created.

**Moderator:**

Our next question from the line of Amit Kumar from Determinant Investments.

**Amit Kumar:**

Just 1 point on the accelerated amortization. I understand this is with respect to the CWC contract that you have already sort of renewed. So does this -- is this accelerated amortization done, or does this sort of still continue for some time?

- Pritam Vartak:** No, no, it's done. So March '25 was the last quarter. And going forward, we will not have significant depreciation for CWC Mundra.
- Amit Kumar:** Okay. And in terms of your Mundra facility, you're basically saying that you have two facilities right now and with your own -- which are leased, and then with your own facility coming in, you will be sort of -- you have an opportunity to sort of consolidate and drive efficiencies.
- But given the fact that the existing CWC Mundra contract has been renewed for 5 years. So you'll have to sort of continue to run that facility for 5 years. So those efficiencies are in that sense long term in nature, but nothing is going to happen for the next 5 years?
- Suresh Kumar R.:** So while we have renewed the lease, there is -- there are clauses which enable us to move out of that lease with a certain notice period.
- Amit Kumar:** Interesting. So I mean, in what sort of a time frame should we anticipate that consolidation to happen is what I'm trying to understand?
- Suresh Kumar R.:** So I would kind of wait for a couple of more quarters for the situation to emerge. So if you were to look at it, as an organization, we have created options for us to evaluate depending upon how the market trends emerge. And as the previous gentleman had asked us about our capacities and license tenures. As an organization, we have secured capacity to ensure our growth. We have also secured options through which we can take this growth, asset light to asset right.
- We also have fall back in case of any contract not getting extended. This gives us enormous amount of flexibility to plan, look at how the market trends happen with regard to overall growth and take the right decisions, which we anticipate to do during the course of this financial year.
- Compared to 3 quarters back, when we were having a certain capacity, we have significantly secured additional capacity, and therefore, we can take the right calls depending upon trends in the coming quarters. I would like to talk about this in our future calls, maybe in the Q3 conversation, by which time we will have clarity about the speedy contract in JNPA. We will know what could happen with the Adani SEZ contract conversations which are happening there.
- And we would, by that time, have started the first phase of creating our capacity in Mundra. So allow us time to come back to you on this. But the comfort that I would like to give to you as an organization hungry for growth, we have all the necessary tools and foundation laid, and therefore, we are in a far more stronger and secured position now than at any point in time in the past.
- Moderator:** We have our next question from the line of Pranav Gala from Omkara Capital.
- Pranav Gala:** All right. Sir, there were a few questions that I would like to ask. One was, sir, like you mentioned about the move from being asset light to asset heavy. Sir, for -- if I see our numbers since June 2022, we have not seen a lot of volume growth. So a, what are you expecting will change that will help us grow in terms of volumes because that's what will help us grow our revenues plus profitability?

**Suresh Kumar R.:**

Okay. So thank you for the question, Pranav. So asset light to a conscious asset-right stance is what we have taken. With regard to volume growth, given the fact that our key 2 facilities in JNPT and Mundra last year have run close to capacity, 90% to 95%, the additional capacities that we have created in these markets will help us grow faster this year. So I told you about the 25-acre expansion, which is already in place Q1, Q2, so we are in the middle of Q1.

So Q2 onwards, it starts kicking in. And in Mundra, the renewed contract and the renewed contract comes with additional 10 acres of land. So that will kind of help us add volumes in these 2 key markets. And these 2 markets contribute to almost more than 3/4 of the volumes that ATL does nationally.

**Pranav Gala:**

Right, sir. But sir, when we say when we are taking up these assets and when we are going to the asset-right model, we are also increasing our debt. We are also increasing our depreciation. So don't you think that will hamper our profitability and also our ratios, that's the ROEs and ROCs will also get subdued because of the longer gestation period.

**Pritam Vartak:**

So Pranav, just -- I will take this question. So if you look at ROCE, we have in on ROCE, close to upward of 20% in the range of 24%, 25%.

**Pranav Gala:**

Sir, you are not audible. The voice is very...

**Pritam Vartak:**

So hello?

**Pranav Gala:**

Yes, sir.

**Pritam Vartak:**

So last year, we have ROCE of close to 26%. This year, we are around 20%. The key reason for increase in our capital employed is the investment which we have done in Haryana Orbital Rail Corporation. Suresh and me, we explained the rationale behind this particular investment, why we have done this investment. And to some extent, you are right. These projects, which we are talking about are infrastructure projects and has some gestation period.

And when we do the project calculation, to some extent, we factor all these parameters when we are choosing whether to make -- we can make our own investments or we can have it on an opex model. So as said earlier, not all the opportunities are available on opex model. Given the choice, we will go for opex model.

However, there are certain investments if we want to participate in the growth, if we want to get into the new emerging market, those investments are necessary. So based on this particular approach, we have going with an asset-right model, not an asset-light model or not an asset-heavy model. Wherever required, we will -- we are open to consider making investments. In terms of bank debt, we -- our working capital management is very healthy.

Our receivables remain in the range of -- DSO remains in the range of 20-25 days. And our cash generation year-on-year has been consistent. In a period to come, you will see that based on our cash generation, we will be able to retire some high-cost debt, which we have taken. And we should be able to fund a lot of this investment through our internal accruals. So while borrowing

could be necessary to get the leverage, we would ensure that we will remain in a healthy balance sheet management position.

**Pranav Gala:**

True, sir. But again, the question was persisting to the fact that we are targeting doubling our profits by '28 right? I'm assuming around INR80 crores to INR90 crores from the peak is what we are targeting. But when we get into these kind of assets, where we will have to take things on our balance sheet.

Would that not hamper our profitability and does also hamper our cash flows because consistent -- as of now, we've been making consistent CFOs. But going forward, when we take up debt, increase the balance sheet size, don't you think that will hamper us as a company? It will delay -- it will probably delay it by a year or 2.

**Pritam Vartak:**

So our projection of doubling the profitability is based on the projects which we currently are there, where we have the visibility. It is not about the projects where we don't have the visibility. We have Mundra expansion, we have Farrukhnagar project, and we have expansions planned in South also.

So these are the key things which should take us there. For JNPT, the expansion, which we have done is based on the OpEx model. And so for Farrukhnagar, we are evaluating whether we will have to go for borrowing, whether we can bring a strategic investor, whether we can bring in equity. Those options are open for us.

So there are multiple ways by which we will look at raising the funds for the CapEx-intensive projects. And as you said, the increase in borrowing not necessarily -- so it will not be borrowing all the way. It can be equity, it can be bringing in strategic investors. All these options are open for us right now.

**Pranav Gala:**

Okay. So when we say strategic investors will that be an investor -- will there be further dilution in our company? Or will that be a separate subsidiary that we will be getting at?

**Pritam Vartak:**

So these questions, currently, we are not in a position to answer because we have not reached that stage right now. At the right point of time, we will bring it in a public domain.

**Pranav Gala:**

Okay. And sir, other question was that, sir, what is the competition that we see going forward that will hamper us to not reach our target? So I'm saying these integrated players who are larger in size, especially Adani, now that he's got a lot of back end going on, he is backward integrated.

Do you see them as a threat when it comes to the -- even after the Western DFC opening up in the near -- at the end of this year? Do you see that as a threat to our business or other CFS businesses as a whole because they will be able to offer competitive pricing, would undercut our pricing is what I'm trying to understand, the basic competition and the threats to us.

**Suresh Kumar R.:**

Yes, very good point. I think the industry has evolved over the last 10 years, and we will now see new trends starting to happen. So 2015 to 2020, the large conversations used to be around DPD, and how will DPD impact the entire CFS business. Between 2020 and 2025, there weren't

any significant changes in market trends. Over the last year, 1.5 years, the point that you said about integrated players, port players kind of forward integrating, backward integrating.

These are things which are starting to emerge. But the larger point in this is if you were to look at the CFS play itself, number of operators is pretty much capped across the country for various reasons. So it could be the red zones and the kind of licenses which are available. So there is no additional CFS entities, which are starting to happen, except a few maybe in Mundra or some such place.

Having said that, that we realize and we appreciate the change in competition. Competition is not necessarily in the form of existing CFSs. It could be because of backward integration and services, which the terminal operators and other large players could offer. So how are we building our competitive moat when it comes to these things.

Over the last 2 years, we have consistently been talking about digital enablement of services for our customers, which is in a way a little ahead of the curve when it comes to what other CFSs have been offering. So this is one competitive differentiation. The second competitive differentiation that we have done is also our ability to offer multi-point presence in the country.

So if you were to look at it, there are a very small set of CFSs who have a national or a geographic presence similar to ours. We are present in ports, which cover about 80% to 85% of the EXIM trade in the country.

The third advantage or the third differentiation that we offer our customers is in terms of -- as a group, we have demerged from the Allcargo group, and we are an independent entity, and there are other entities in the group. But there are synergies in terms of working and solutions that we can offer for our customers, which also give us the ability internally in the group to cross-sell services and for the customer, it means integrated services.

So we are in a position to offer that. And lastly, the operations excellence that we have been talking about with regard to transport contracts, with regard to equipment contracts and with regard to new technology implementation. We have always focused on that and try to differentiate ourselves from operators who possibly do not have that kind of a vision of the industry.

So while the nature of competition evolves, and that's how any market is, we are prepared for that with our own set of things and I have listed down 4 things that we have done as a company to kind of offer value to our customers, which is different from what the other CFSs have done. The proof of the pudding finally is in terms of market share that we have. Our estimated market shares in the critical markets continue to remain stable, and we expect that to continue.

And if there is an emerging trend of any consolidation, which happens in the industry, as a large player in the industry, we stand to benefit from that. And as industry watchers, you know how consolidation can happen in markets. And whenever consolidation happens, those who have competitive differentiation tend to benefit, and we believe we will be one of those operators who will benefit from any consolidation in the CFS industry.

The other portion is the steps that we have taken to be actively present in the ICD market from just 1 ICD through the JV that we have at Dadri, we have taken a significant position with regard to ICD play in the country, which will also enable us to be present in the northern important NCR market. And therefore, it will broad-base the cargo volumes that we will handle from being West and South to West, South and North and Kolkata is always there.

So in the next 2 to 3 years, you will see broad basing of our cargo profile in terms of a geographic region, which also will help us. And everybody knows that the ICD margins typically are better than the CFS margin. And that is also something that will help us in our 3-year plan. So a little long-winded answer to your question, but I think I've touched upon all the key things that we are doing as a company to be competitively different, fuel the aspirations that we have and to grow our profitability along with volumes.

**Pranav Gala:** Sir, what would be the percentage of volume that the group will be a part of our group of our volumes?

**Suresh Kumar R.:** So that volumes could be around -- yes, around 10% of our volumes could come in from our group businesses.

**Pranav Gala:** Okay. And sir, 1 more thing. Why I asked this competitive question was majorly because, sir, I saw recently Gateway Distriparks have put up their CFS up for sale. Now that's also because on the back of competition or probably they are not seeing -- they might not be seeing fruits coming out of that is what my assumption. I don't know about that. But do you see price wars coming in later on?

**Suresh Kumar R.:** A good question. I would not really know the background to the GDL scenario. But when we look at our numbers, which is what we shared earlier during the call, revenue per TEU, EBITDA per TEU, we have taken a position to focus on them and improve them through a combination of factors and the results are there for you to see over the last 4 to 6 quarters, how the revenue per TEU and the EBITDA per TEU numbers have strengthened.

In terms of reporting, while there is a PAT number for the quarter, which looks the way it is. The clear understanding there is, this is on account of a onetime dividend impact on tax. And if you were to look at it, the dividends that we have got have been used for expansion in terms of the new projects that we have, which I think as a growing company, which is just into its second year of operation, is the preference for us.

And therefore, the numbers at a PAT level might not really look the way in which the revenue per TEU and the EBITDA per TEU have grown. So I hope that understanding is very clear. And in the quest for growth, we are doing these things. And with regard to competition, I told you GDL, whatever is the background to that, we don't know.

But what we see is, if somebody who's got five facilities and some of those facilities are located in markets that we are operating, if there is a reduction in capacity, which is the consolidation point that I mentioned, it only helps us as an established operator to aspire for better yields. So we are well placed, and that's what is a takeout for us.

- Moderator:** We have our next question from the line of Parag Jhawar from Knightstone Capital.
- Parag Jhawar:** Could you share when will HORCL start contributing? And what's the kind of ramp-up schedule for that?
- Pritam Vartak:** So just maybe a slight addition to what your question would be. So HORCL is a strategic investment, which is done, which will benefit our Farrukhnagar ICD. In terms of HORCL, railway projects start per se, I believe they are starting in phases. The Phase 1 has already started, which is linked to the Maruti project. And the next in line is connectivity -- next phase includes Allcargo Terminals connectivity, which should be there by -- within next 10 or 10 or so months.
- In terms of Farrukhnagar ICD, which we are planning, which is -- and HORCL rail connectivity is one of the factor of that particular project. We are looking to start this in the Q3 of FY '26, and we are expecting it to complete by end of FY '27 and operations in a right way could start in the year '27, '28. So these are -- this is the schedule which we are following for Farrukhnagar ICD project.
- Parag Jhawar:** Got it. And you mentioned that ICDs have higher EBITDA per TEU. Could you give an approximate idea of how much is the difference versus CFS?
- Pritam Vartak:** So we are operating one ICD as a joint venture in Dadri. The margins there are pretty much similar or comparable to our CFS business because we are not participating in the rail freight business out there. This is purely handling and storage. In a Farrukhnagar kind of scenario where we are also looking to get into rail freight from port to ICD, I would say the realization would include your rail revenue and margin on rail revenues as well. And pure play ICD margin remaining same as what we are drawing today.
- Parag Jhawar:** Okay. So at EBITDA level with rail freight, what would be the rough cut number?
- Pritam Vartak:** So currently, it would be higher than like 4% to 5% higher than what we have in our existing business.
- Parag Jhawar:** Got it. For fiscal '26, you mentioned the volume growth of roughly 8% to 10%. I wanted to slightly longer term, next 3 years, what's the kind of volume ramp-up that you're looking at? You also mentioned 1 million. Is that the kind of volume that you are trying to achieve over the next 3 years?
- Suresh Kumar R.:** Yes. That's aspiration to be a 1 million TEU operator from the current 6.7 lakh that we have delivered last year. Grow that by 10%, then with the capacity increases and Farrukhnagar get to 1 million.
- Parag Jhawar:** But that on an annualized basis, that translates to roughly 17%, 18%. So bulk of the volume growth will happen in '27 and '28. Is my understanding correct, sir?
- Suresh Kumar R.:** Yes. So a significant jump once we have new facilities. So if you were to look at the plan that we have, there is an additional facility that is on the 3-year road map in Chennai. The capacities

that we have created in Mundra and JNPT and the new ICD facility in Farrukhnagar. So these are a combination of existing markets and new markets.

So JNPT, Mundra, where we're already there. Chennai, as you would be familiar, there are 2 clusters of port. That is the erstwhile port, which is where our CFS is closely located now. And the new cluster of ports at Kattupalli, which is coming in, that is what our target is. And Farrukhnagar is an absolutely new geography other than the fact that we are present in Dadri. NCR is a very, very big market, where we do not have a presence, and that will also contribute.

**Parag Jhawar:** And one final question from my side. You mentioned doubling of profitability in the next 3 years. Are you talking about EBITDA or PAT?

**Pritam Vartak:** We are talking about PBT.

**Parag Jhawar:** Okay. So from current 47-odd, we are targeting nearly 90 or so.

**Pritam Vartak:** Yes, yes.

**Moderator:** Thank you. Ladies and gentlemen, this would be the last question for today. And I now hand the conference over to the management for closing comments.

**Suresh Kumar R.:** So thank you, everyone, for a very detailed set of questions. I'm happy that we had the opportunity to share our results for last year, the last quarter and more importantly, take you through the aspiration that we have for the next 3 years and the foundation and the building blocks that we have already put in place and what we are planning in the coming quarters. I look forward to updating you about this progress in our subsequent quarters. Thank you very much.

**Moderator:** Thank you. On behalf of Allcargo Terminals Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.